WEEKLY ECONOMIC REVIEW

July 20, 2007

Canada's all-items CPI fell by 0.2% between May and June 2007, the first time since October 2006. The decline in the CPI was largely due to a drop (-4.1%) in gasoline prices during the period. The annual CPI inflation, however, still rose by 2.2% in June compared with June 2006, identical to the increases in both April and May.

Alberta's annual CPI inflation jumped to 6.3% in June (up from 5.0% in May), remaining the highest among provinces. The increase in owned accommodation costs (+15.8%) continued to account for most of the discrepancy between Alberta and national inflation rates.

The annual CPI inflation in the U.S. was unchanged at 2.7% in June. The Federal Reserve Semiannual Monetary Policy Report indicated that upside risks to inflation remain the Fed's predominant policy concern.

Alberta's manufacturing shipments advanced by 3.7% in May due to strong performances in computers and electronics (+22.7%), non-metallic minerals (+8.8%), and petroleum and coal products (+8.5%). National shipments were virtually unchanged in May (-0.1%) after a slight decease in April (-0.7%).

Cdn Dollar (US¢/CS)

July	20, 2007	95.8
July	13, 2007	95.4
2007-08 YTD		91.9

WTI Oil US$/bbl

July	19, 2007	$ 75.92
July	12, 2007	$ 72.50
2007-08 YTD		$ 66.40

Nymex Natural Gas CS/MMBtu *

July Contract

July	20, 2007	$ 6.88
July	13, 2007	$ 6.96

*Estimate based on Nymex Futures Market Price

Following April's sharp decline (-7.4%), Alberta's wholesale trade continued to retreat in May (-1.1%). Weak sales of automotive products were responsible for most of the drop. Nationally, wholesale trade rose slightly by 0.6% in May with the largest gain of 2.1% in the machinery and electronic equipment sector.

China's annual economic growth surged to 11.9% in the second quarter of 2007, the fastest pace in a decade. The explosive growth was fuel by a huge trade surplus and strong retail sales.

Oil price surged to US$75.92 on Thursday, the highest in eleven months, due to supply disruptions and strong growth in China.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index (2002=100)	**June**			
Alberta	118.8	0.8%	6.3%	5.2%
Canada	111.9	-0.2%	2.2%	2.0%
United States (1982-1984=100)	208.4	0.2%	2.7%	2.5%
Manufacturing Shipments ($ Millions)	**May**			
Alberta	5,674	3.7%	8.4%	3.5%
Canada	49,674	-0.1%	2.6%	0.5%
Wholesale Trade ($ Millions)				
Alberta	5,101	-1.1%	0.0%	5.0%
Canada	43,062	0.6%	4.1%	5.3%
New Motor Vehicle Sales				
Alberta	21,323	-0.4%	4.5%	6.4%
Canada	145,496	-0.8%	7.5%	3.3%

Source: Statistics Canada

[1]Year-to-date 2007 compared to the same period in 2006; 2 seasonally adjusted at annual rates, Canada Mortgage and House Corporation

Alberta Finance

Haozhen Zhang
427-8747

Kerstin Bzdel
422-4975